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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
KMC DATA, LLC, FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
PROVIDE COMPETITIVE FACILITIES-
BASED AND RESOLD LOCAL EXCHANGE
AND RESOLD INTEREXCHANGE
TELECOMMUNICATIONS SERVICES IN THE
STATE OF ARIZONA -AND- PETITION FOR
COMPETITIVE CLASSIFICATION OF
PROPOSED SERVICES

Docket No. T-04014A-01-0340

SUPPLEMENT TO APPLICATION

KMC Data, LLC ("KMC Data" or "Applicant"), by its attorneys, hereby supplements its above-captioned application, filed with the Arizona Corporation Commission ("Commission") on April 20, 2001, for authority to provide Competitive Resold and Facilities-Based Local Exchange and Resold Interexchange Telecommunications Service in the State of Arizona pursuant to ARIZ. ADMIN. CODE R14-2-1103 and R14-2-1101 to -1115. This Supplement intends to notify the Commission of the minor restructuring of KMC Data's ownership to reflect the addition of a new holding company, KMC Data Holdco, LLC ("Data Holdco"), as the immediate parent of KMC Data. This change of ownership is *pro forma* only, as the ultimate ownership of KMC Data is held by, and will remain with, KMC Telecom Holdings, Inc ("KMC Holdings").

In support of this Supplement, KMC Data provides the following information.

I. PARTIES

KMC Data, LLC, is a Delaware limited liability company headquartered at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. KMC Data is authorized to provide

intrastate local exchange and interexchange service in the 19 states, and the District of Columbia. Currently, KMC Data largely serves business customers.

KMC Data Holdco, LLC, is a Delaware limited liability company also located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. A copy of Data Holdco's certificate of formation is attached hereto as *Exhibit A*. All of Data Holdco's membership interest is owned by KMC Holdings, a privately-held company. Upon acceptance of this amendment, KMC Holdings will be authorized to hold all the membership interest of Data Holdco, which in turn will be authorized to hold all the membership interest of KMC Data. As is evident, the insertion of Data Holdco as a new intermediate holding company does not affect the ultimate ownership and control of KMC Data by KMC Holdings.

KMC Telecom Holdings, Inc., is a Delaware corporation also headquartered at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921.

As holding companies, Data Holdco and KMC Holdings are not expected to be actively engaged in business in Arizona. Accordingly, it is not anticipated that Data Holdco or KMC Holdings will need to qualify to do business within Arizona.

II. DESIGNATED CONTACTS

The designated contacts for questions regarding this Supplement are:

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Roshka Heyman & DeWulf, P.L.C.
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1 Copies of correspondence also should be sent to:

2 Tricia Breckenridge
3 Executive Vice-President, Business Development
4 KMC TELECOM HOLDINGS, INC.
5 1755 North Brown Road
6 Lawrenceville, Georgia 30043
7 Telephone (678) 985-7900
8 Facsimile (678) 985-6213

9 III. DESCRIPTION OF THE TRANSACTION

10 In the restructuring, KMC Holdings contributes its membership interest in KMC
11 Data to Data Holdco, thus making KMC Data a direct subsidiary of Data Holdco. The
12 ownership structure relevant to KMC Data, before and after the changes proposed herein,
13 are reflected on the charts submitted herewith as *Exhibit B*.

14 The internal corporate restructuring permits KMC Holdings to do business under a
15 more efficient, rational structure and give the company greater access to working capital
16 and improved marketing and administrative operations. While the *pro forma* intra-
17 corporate transfers involved in the reorganization of the companies will meet important
18 business requirements, the transactions are transparent to prospective consumers and will
19 have no impact on the KMC Holdings entities' services.

20 IV. PUBLIC INTEREST ANALYSIS

21 This minor restructuring will not adversely affect the public interest; it involves no
22 change in the entity seeking authority to provide service to customers, nor does it change
23 the proposed terms and conditions of such service. The restructuring does not affect the
24 technical or financial qualifications of KMC Data, as all technical and financial resources
25 previously available to KMC Data will continue to be available. The scope of those
26 resources can be seen in the publicly available Securities and Exchange Commission
27

1 filings of KMC Holdings.¹ The change in identity of the entity owning the membership
2 interest of KMC Data will not involve any change in the management of KMC Data. The
3 existing officers and directors will remain the same, as will the customer and regulatory
4 contacts for KMC Data; although, of course, changes may occur with the passage of time
5 as they might even if there were no change in ownership. Thus, this transaction will be
6 completely transparent to customers.

7 KMC Data competes with numerous other competitive local exchange carriers and
8 enhanced network providers, as well as the incumbent local exchange carriers and other
9 interexchange carriers. Because the public interest is best served by assuring the presence
10 of numerous telecommunications competitors, it is important to provide such competitors
11 with the flexibility to arrange their ownership in the manner they deem most appropriate to
12 carry on their business, so long as there is no adverse impact on the public. To deny such
13 flexibility would discourage new competitors from entering the state and would encourage
14 existing competitors to seek a more favorable regulatory environment elsewhere, neither of
15 which would enhance the public interest.


16 WHEREFORE, KMC Data respectfully requests that the Commission grant its
17 Application, as supplemented above, for authority to provide Competitive Resold and
18 Facilities-Based Local Exchange and Resold Interexchange Telecommunications Service
19 in the State of Arizona.

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26 ¹ A hard copy of KMC Holdings' most recent SEC Form 10Q will be provided upon
27 request.

1 **DATED: October 4, 2001.**

2 Respectfully submitted,

3 **KMC TELECOM HOLDINGS, INC.**
4 **KMC DATA HOLDCO, LLC**
5 **KMC DATA, LLC**


6 By: 
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19 (202) 955-9600

20 **ORIGINAL and 10 COPIES** of the
21 foregoing filed October 4, 2001, with:

22 Docket Control
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington
25 Phoenix, Arizona 85007

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Exhibit A

Certificate of Formation for KMC Data Holdco, LLC

CERTIFICATE OF FORMATION

OF

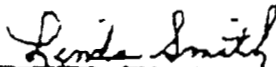
KMC DATA HOLDCO LLC

The undersigned, an authorized natural person, for the purpose of forming a limited liability company under the provisions of and subject to the requirements of the State of Delaware (particularly Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified and referred to as the "Delaware Limited Liability Company Act"), hereby certifies that:

FIRST: The name of the limited liability company is KMC DATA HOLDCO LLC (the "Company").

SECOND: The address of the registered office and the name and address of the registered agent of the Company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on the 15th of May, 2001.



Linda Smith, Authorized Person

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 03:30 PM 05/15/2001
010213624 - 3392372

State of Delaware
Office of the Secretary of State

PAGE 1

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "KMC DATA HOLDCO LLC", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF MAY, A.D. 2001. AT 5:30 O'CLOCK P.M.



3352372 8100

010233824

Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

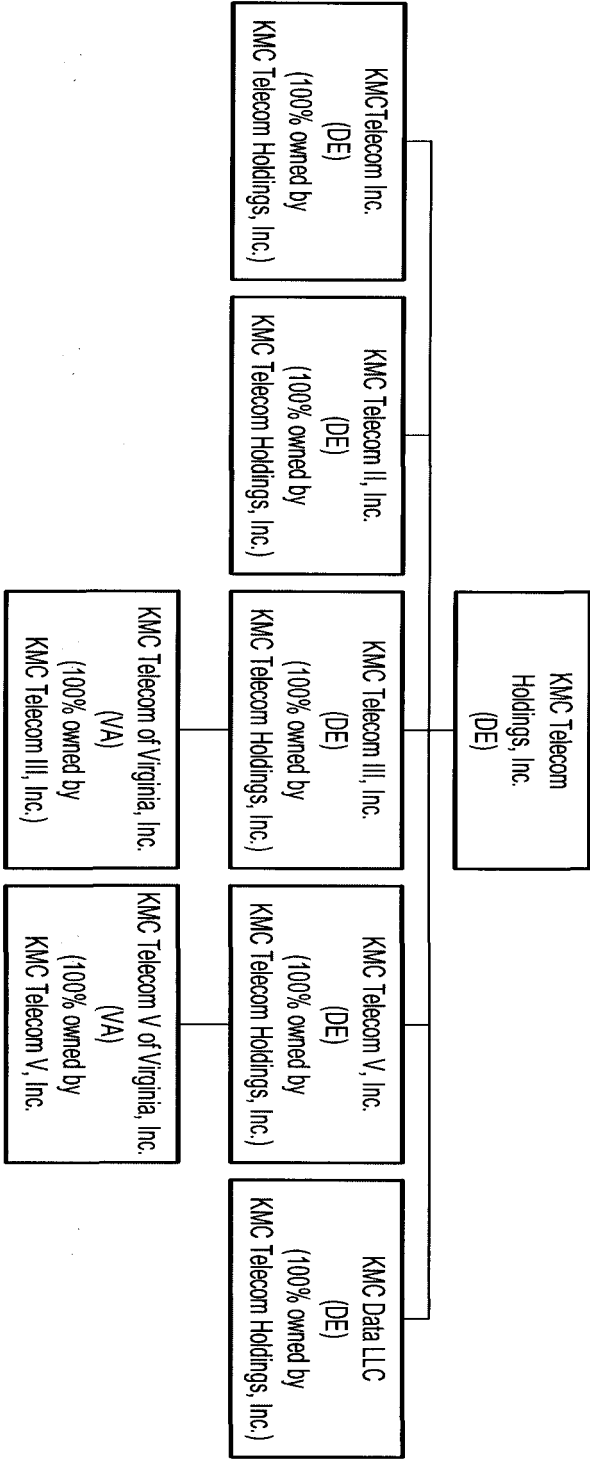
AUTHENTICATION: 1135421

DATE: 05-16-01

Exhibit B

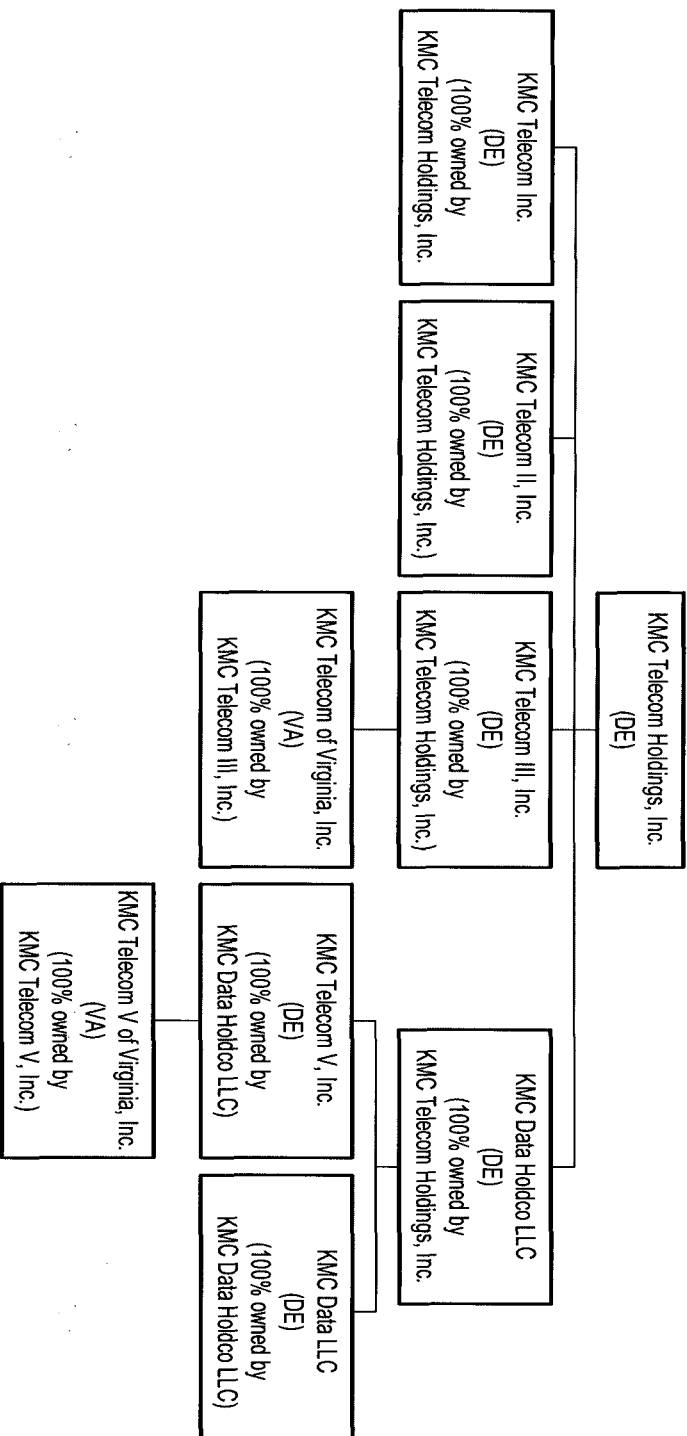
KMC Data Holdco, LLC Restructuring Charts

KMC'S PRE-REORGANIZATION CORPORATE STRUCTURE:*



* This chart depicts only those KMC entities relevant to the regulated telecommunications companies involved in this restructuring.

KMC'S POST-REORGANIZATION CORPORATE STRUCTURE:*



* This chart depicts only those KMC entities relevant to the regulated telecommunications companies involved in this restructuring.